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April 16, 2015

Ms. Susana Lara-Mesa
K.P. Kauffman Company, Inc.
1675 Broadway, Suite 2800
Denver, Colorado 80202

**RE: Environmental Audit Wattenberg Disposal Facility
Suckla Farms Injection Well No. 1
4468 County Road 19, Weld County, Colorado**

Dear Ms. Lara-Mesa:

Per your request, Enertia Consulting Group, LLC (Enertia) performed an environmental audit at the Wattenberg Disposal Facility/Suckla Farms Injection Well No. 1 site at 4468 County Road 19, Weld County, Colorado (the Wattenberg Facility), generally located in the SE ¼ of the SE ¼ of the NW ¼ of Section 10, Township 1 North, Range 67 West of the 6th Principal Meridian. The purpose of the audit was to evaluate the adequacy of the Wattenberg Facility's surface operation and maintenance in preventing shallow groundwater contamination as required by the United States (U.S.) Environmental Protection Agency (EPA) Underground Injection Control (UIC) Permit #C 1516-2115.

The audit consisted of:

- Visual site inspection and photo documentation of the Wattenberg Facility conducted on April 10, 2015;
- Interview with Wattenberg Facility staff;
- Review of Apex Consulting Services, Inc. (APEX) groundwater monitoring data (gathered in June and December 2014); and
- Review of Walkthrough Inspection of Tank and Valve Forms.

Background

The Facility was originally constructed in 1972 by the Amoco Production Company to dispose of production water from oil and gas wells in the Denver-Julesburg (DJ) Basin. Current operations at the Facility include the deep injection disposal of non-hazardous Class I and Class II liquid waste as defined in 40 Code of Federal Regulations (CFR)

144.6. The operation at the Facility generally consists of injecting water produced from oil and gas operation and nonhazardous industrial waste into the Lyons Formation between depths of 9,276 feet and 9,418 feet below ground surface (bgs). A shallow groundwater monitoring plan for the Facility was prepared by National Environmental Services, Inc. (NES), dated January 3, 2002. The shallow groundwater monitoring plan was subsequently approved by the CDPHE.

Site Inspection

During the April 10th site inspection, Enertia visually checked for leakage or other releases at each installation having the potential to impact the environment. The installations included the tank farm and secondary containment areas, pump building, sumps, surface pipes, off-load pad, storage building, and injection well house. Photographs taken during the site inspection are provided in Attachment 1. Enertia did not observe obvious evidence of staining, odors, dead/stressed vegetation, or releases to the environment from the surface operation and maintenance at the Wattenberg Facility.

Interviews

An Interview with Facility personnel yielded the following information regarding the prevention of groundwater contamination.

- Mr. Bill Teter is an attendant at the Wattenberg Facility. He reported that, to his knowledge, there have been no significant environmental incidents at the Facility or environmental impacts to the property since the 2014 inspection.

Report Review

As part of the audit we reviewed daily records and reports prepared by on-site staff, and APEX. A brief summary of our review is presented below:

- Daily Reporting - The Daily Evaluation and Daily Visual Walkthrough Inspection on Tanks and Valves Sheets logged the volume of barrels injected during 2014 and any release or evidence of leak. No releases or evidence of leaks were recorded in 2014.
- Groundwater Reporting - Enertia reviewed the APEX June and December 2014 groundwater monitoring reports for the Wattenberg Facility (Attachment 2). The latter reports indicate that groundwater samples were collected from observation wells OW-1, 2, 3 and 4 on June 23, 2014 and December 9, 2014. The

groundwater samples were analyzed for calcium, magnesium, potassium, sodium, chloride, nitrate, nitrite, sulfate, Total Organic Carbon (TOC), bicarbonate, carbonate, benzene, toluene, ethylbenzene, total xylenes (BTEX), and total petroleum hydrocarbons (TPH).

- *Summary of June 2014 Sampling as Reported in the July 18, 2014 Apex Groundwater Monitoring Report* - Shallow groundwater was measured during the June sampling event at depths ranging from approximately 8.5'bgs (OW-1) to 20.7'bgs (OW-4). Regarding water quality, the groundwater monitoring results were consistent with results obtained during previous monitoring events except for sulfate and benzene. The sulfate concentration in OW-1 was less than historical concentrations. Benzene was detected at concentrations of 45.5 µg/L and 2.6 µg/L in the samples collected from OW-1 and OW-3, respectively. In addition, ethylbenzene was detected at a concentration of 1.7 µg/L in the sample collected from OW-1. Based on information provided by APEX, the elevated concentrations of contaminants of concern were determined to originate from an off-site source. In accordance with the Wattenberg Facility groundwater monitoring plan, confirmatory samples were collected and analyzed for BTEX compounds. Samples were collected from OW-1 on July 9, 2014 and from OW-3 on July 16, 2014. Benzene was detected at a concentration of 12 µg/L in the confirmatory sample collected from OW-1. The OW-3 sample results indicated that BTEX compounds were not detected above method detection limits.
- *Summary of December 2014 Sampling as Reported in the January 9, 2015 Apex Groundwater Monitoring Report* - During the December sampling event shallow groundwater was measured at depths ranging from approximately 11.7'bgs (OW-1) to 20.3'bgs (OW-4). Regarding water quality, the groundwater monitoring results were consistent with results obtained during previous monitoring events. Benzene concentrations of 0.96 µg/L and 1.6 µg/L were reported in OW-1 and OW-2, respectively. In accordance with the Wattenberg Facility groundwater monitoring plan, confirmatory samples were collected and analyzed for BTEX compounds. Samples were collected from OW-1 and OW-2 on January 2, 2015. The sample results indicated that BTEX compounds were not detected above method detection limits.

The APEX January 9, 2015 letter report indicated the next semi-annual groundwater monitoring event was scheduled for June 2015.

Ms. Susana Lara-Mesa
Page 4

Conclusions and Recommendations

Enertia identified no obvious evidence of significant spills, releases, or other on-site surface activities that may result in impacts to shallow groundwater quality. The semi annual groundwater monitoring program provides continued surveillance for shallow groundwater impacts.

We trust that this Environmental Audit is acceptable and complete. Please contact me at (720) 473-3131 or sean.ohearn@enertiacg.com should you have any questions on the content of the audit.

Sincerely,
ENERTIA CONSULTING GROUP, LLC

A handwritten signature in blue ink, appearing to read "Sean O'Hearn".

Sean O'Hearn, PE, PG
Managing Partner

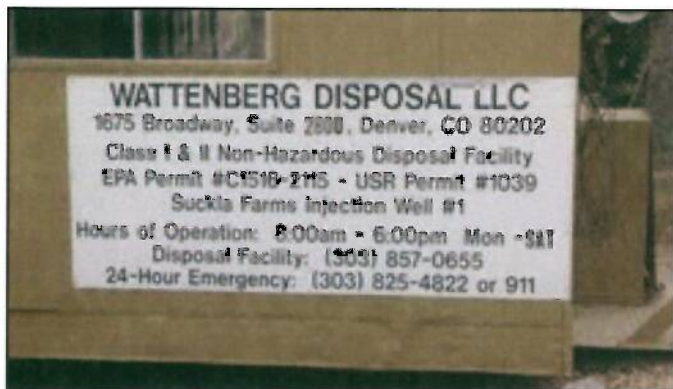
Attachment 1 – Site Photographs

Attachment 2 – Apex Consulting Services, Inc. June and December 2014 Groundwater Monitoring Reports, Wattenberg Facility, Weld County, Colorado

Attachment 1

Facility Photographs - Suckla Farms Injection Well No. 1

April 10, 2015



Facility Information
Suckla Farms Injection Well No.1



Holding Tank Piping (typ)



Pump House



Injection No.1



Holding Tank - Secondary Containment Area

